ECONOMICS IN ACTION MARCH 1953

The decision to remove wage-price controls on items ranging from milk bottle caps to miners' salaries was a gamble for the Administration. But it was a gamble made at a likely time...Expanding output and relatively stable prices mark the economic picture right now, and both of these point the way to a non-inflationary market...Even though stand-by controls are being urged by several leading Republicans, most of Eisenhower's advisers don't think they are necessary...Some effects of decontrol are already being felt: cigarettes are up 1¢ to 2¢ a pack and defense-vital copper is up 3¢ a pound...But the price-line is holding steady for most items....

Declining food prices--one of the reasons behind decontrol--alarm many observers...Housewives are happy with 85¢ steak and 63¢ rib roast...But for the farmer this spells trouble. Squeezed in by high costs and middlemen, he has been forced to absorb price cuts far greater than those reflected on the retail market. ...To keep food prices from sagging too much, the government bought a mighty breakfastful of food last year --6.8 million dozen eggs, 42.5 million lbs. of butter and 79.9 million lbs. of dried milk...Agriculture Secretary Benson warns, however, that he will only use price supports as insurance against disaster--a statement that doesn't sit too well with small farmers who remember Eisenhower's full parity pledge....

The AFL may press for higher wages next year on the theory that declining farm prices could be the prelude to a depression, just as they were in 1929... Major amendment of the Taft-Hartley Act is another AFL goal--but the CIO thinks a completely new law is

necessary. Rumor has it, though, that the government committee now studying the law will recommend only minor changes...The cost-of-living index is causing union complications. A new, more accurate index went into effect last month, but the old one had to be extended another half year because the wages of 3.5 million workers are tied to it...Dark spot in a rosy employment picture: 10 percent of our job-holding schoolchildren work more than forty hours a week....

One jobless New Yorker recently sent a terse note to the State Division of Employment: "Change of name: Old name: X. New name: John Smith." Reason: he learned to write...Elsewhere in New York: the subways cleared a profit of $90.00 last year by selling the Canadian dimes that 22,500 not-so-smart commuters slipped into the turnstile...What the commuters overlooked is that our Neighbor to the North has such a prosperous financial system that a Canadian dime is worth almost ½¢ more than an American dime....

Congress is grappling with money problems right now. Everyone agrees that it would be nice to balance the federal budget and cut income taxes at the same time--but that's a pretty tall order...Balance the budget first and cut taxes afterward is Eisenhower's plea, but Congress may not go along with him...A bill to reduce personal income taxes starting July 1 has already breezed through the House Ways and Means Committee, and doubt exists that it can be blocked in the Senate...Even the excess profits tax, due to expire this summer, looks as if it might be around for some time longer if the budget can't be cut...So far, no big budget slashes have been made.... *(Continued p. 63)*

challenge
MAGAZINE

Vol. I No. 6 March 1953

ECONOMICS IN ACTION

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a personal note

WE HAVE SOME RANDOM THOUGHTS inspired by the fact that in ensuing weeks we shall hear a great deal about negotiations between labor and management. It is contract renewal time. Each side will be out to make the best deal it possibly can for itself. This is not only natural and understandable but actually desirable, for it is entirely within the spirit of competitive free enterprise to use self-interest as a motivating force in American economic affairs.

We have managed to live through previous periods of contract renewals and we shall manage to live through this one. To be sure, labor-management contract negotiations can sometimes be painful affairs and can take considerable time to effect. On the other hand, we can be certain that such negotiations cannot degenerate into the type of proceedings that have been in progress at Panmunjon; there will be a genuine desire at both sides of the conference table to reach an agreement. Each day of protracted talk represents another day of financial loss for both labor and management. Once more the principle of self-interest is starkly evident.

IN THE PAST, both labor and management have shown that they understand their own individual needs very well. Spokesmen for both sides have pleaded the cause of their own constituents with brilliance and eloquence — even with violence. More recently they have waged their campaigns with propaganda and counter-propaganda in the spirit of psychological warfare. Huge sums of money are being expended to "explain" to each other, and to the public at large, the justice and ultimate wisdom of their particular viewpoint. The aggressive labor literature decries the huge profits of management and in the most elemental terms describes how the workingman's dollar buys less and less for his wife and children. The defensive management literature goes to great pains to show what happens to its profits: so much for taxes, wages, research, etc. Brutality has all but disappeared from the scene, but the battle of words continues apace. The American economy has grown and prospered in an atmosphere where management and labor maintain a constant alert against each other.

Now that the antagonists are more or less equal in strength and national importance, it appears that a third force—that of regard for

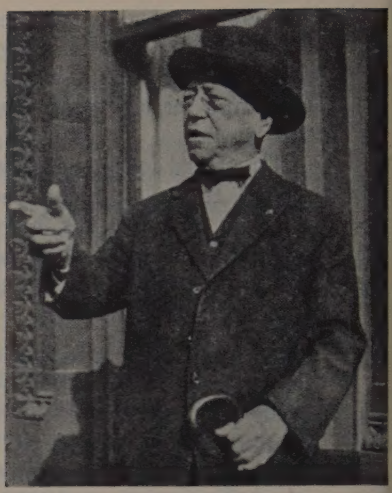
the public interest—will henceforth intrude into the future negotiations between labor and management. The force of public opinion and a regard for the public welfare now transcends the individual interests of labor and management. The leaders of both camps have come to realize this truth.

This third force necessitates the effecting of painless and quick agreements. It undoubtedly also necessitates a complete understanding on the part of labor and management of each other's problems, for only with such understanding can their relations follow an unbroken smooth course—to their benefit and that of the public.

As an aid in encouraging this greater mutual understanding, we have a suggestion or two to make. Whereas in the past labor has taken great pains to explain to the rank and file what problems confront the common man because of management policies, and whereas management has gone to extremes to justify the economics of the operations of privately managed business, we suggest that both sides reverse the directions of their propaganda. We offer the suggestion that the labor leader concern himself exclusively with an examination of the economics of private business. Even if labor organizations should reveal their traditional prejudice, the workingman will get some inkling, through his own union publications, of what a complicated business it is to know what to do with the profits of a business. He will learn, for example, that the concept of a couple of potbellied capitalists siphoning off profits to buy yachts for themselves is erroneous. He will learn that profits are the bloodstream of an expanding economy, that they are the great reserves which supply the means to create the material things that the citizen needs and wants. On the other hand, management literature can depart from its hitherto institutional character and concern itself more with the individual interests of its personnel. Its propaganda would be more effective if it sought to describe how a job is created for the workingman; how a salary is determined; why a workingman's wife can buy so much with her husband's salary — no more, no less. In short, management can explain itself better by relating its processes to the economic position of its employees.

With this approach, we believe each side would better understand the other's needs within the larger context of the public welfare. We think they will understand themselves even better than before. Such a turn in labor-management relations will fire another shot that is heard 'round the world. — HB

WHAT'S AHEAD FOR LABOR?



—*Acme Photo*

Samuel Gompers
Founder of the AFL

'It's ideals are in for a change. New leaders are taking over, and with them come new concepts of what a union should be and what it should do.'

by A. H. RASKIN

FOR THE SECOND TIME since Samuel Gompers founded the American Federation of Labor seventy years ago, the economic ideas that guide American unions are in for a fundamental overhaul.

New leaders, brought up in a new school of labor-management relations, are taking over, and with them come new concepts of what a union should be and what it should do.

The old Gompers theory that the central goal of all unionism was more pay for less work has not been tossed overboard, but there is an increasing disposition on the part of labor's new high command to subordinate it to the idea that labor's first responsibility is to the community and that it cannot move ahead if it seeks to profit at the expense of the general welfare.

The new head men — George Meany of the AFL, Walter P. Reuther of the CIO, Dave Beck of the all-powerful International Brotherhood of Teamsters and David J. McDonald of the million-

—Acme Photo

Walter P. Reuther
President of the CIO

—U.P. Photo

George Meany
President of the AFL

member United Steelworkers of America—all came to the fore under the New Deal.

They had to fight hard to build their organizations, but they fought with the backing of two friendly presidents, Franklin D. Roosevelt and Harry S. Truman. In their efforts to bring new millions into labor's ranks, they enjoyed a measure of legal and governmental protection unknown by the men who preceded them in positions of union leadership.

Ironically, these scions of the New Deal move into the front rank at the very moment that the Republicans return to power with what gives every evidence of becoming a "businessmen's administration." How well will they fare? How competent are they to make the switch from an era in which labor had an inside track at the White House to one in which its ideas will have a good deal less influence on national policy?

The probability is that they will have relatively little difficulty adjusting to the new state of affairs in Washington. If the country stays prosperous, there are several reasons for believing that labor will do about as well with Eisenhower and a Republican Congress as it did with Truman and a Congress that was nominally Demo-

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cratic but not enough so to do labor much good.

For one thing, the initial indications are that neither the Republicans nor their "Big Business" supporters have any yen to pick a fight with labor or to use their newly acquired power as a lever for bringing back the good old days when there were few unions around to get in management's hair. Some Congressmen plan a drive for legislation to make little unions out of big ones, but they are getting scant encouragement from Senator Taft or the White House. Most of the ideas Taft has for changes in his own brainchild, the Taft-Hartley Act, are designed to make it easier on labor, not tougher.

But the expectation that labor will weather the change in administrations successfully rests on factors more affirmative than the likelihood that the Republicans will be forbearing. The truth is that the Reuthers and the Meanys and the others who grew up under the New Deal have learned to stand on their own feet without requiring a government crutch.

In fact, many of them have become almost as hostile to the intrusion of government into labor-management relations as were the early union leaders, whose antipathy to government was so intense that it was not until 1933 that the AFL Executive Council withdrew its opposition to enactment of laws for unemployment insurance.

For all the great contributions the Wagner Act, the Wage-Hour Act and other Roosevelt-sponsored laws made to labor's progress, the prevailing opinion in both the AFL and CIO today is that government can help labor most by staying out of its affairs. Both groups have dusted off the old slogan: "What the government gives, the government can take away." Even while Truman was in the White House, most unionists recognized the wisdom of shunning dependence on government. They know that labor and industry have become too big and too strong to be exempt from any Federal regulation, but their hope and intention is to keep the government's role as microscopic as possible.

THE DESIRE to play down government in labor-management activities does not mean that unions plan to get out of politics. Much less does it mean that they plan to wash their hands of participation in community affairs at the local, state and national levels.

On the contrary, the new crop of leaders is dedicated to the theory that labor must go forward with all the other groups that make up the community and convince them that unions are not merely another selfish-interest group

scrambling for special privilege. Achieving that kind of integration calls for a recasting of much of labor's own thinking; and even those who most forcefully recognize labor's need for identifying itself with the interests of all the people often fall short when they have to make decisions that require their members to forgo gains which can be made only to the detriment of consumers generally.

Most unions have their own pet projects, geared to their own group interests, and it will be no overnight job to orient them to the notion that these projects must be chucked into the ashcan when they align the workers in a particular industry against the welfare of the great mass of citizens. Until the new idea takes hold, you will continue to find building service workers joining with landlords to demand the abolition of rent controls, utility workers appearing before regulatory bodies to urge higher electric and gas rates, coal miners lobbying against the St. Lawrence waterway on the ground that it will menace their jobs.

CHANGE IS SLOW in coming in labor unions. The turbulence of industrial relations tends to obscure the fact that unions are among the most static of our social institutions. No bank or insurance company offers its executives more job security than the average trade union. They enforce no 65-year retirement rule, and few union chiefs feel their ability to serve the rank-and-file has begun to sag even when they pass seventy-five. Death is usually the only thing that takes a labor leader from his job. "Big Bill" Hutcheson of the Carpenters and Dan Tobin of the Teamsters upset tradition by quitting of their own accord last year, but both were pressing eighty when they decided to step down. Even at that, they did not quit altogether. Both hung on to their posts as AFL vice-presidents and members of the Federation's Executive Council.

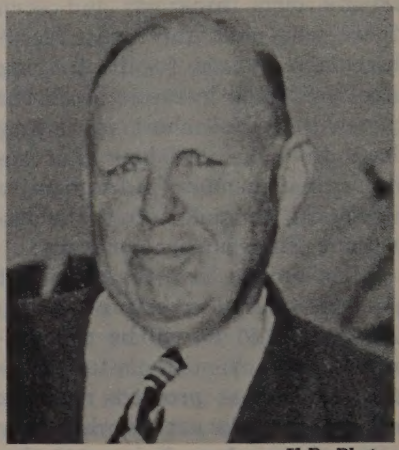
IDEAS ARE AS slow to change as top leaders. Until the New Deal forced unions to set up new mental and operational guideposts, their basic policies were essentially those defined by the AFL founders in 1881. They were the concepts of craft unionism organized along "bread-and-butter" lines. The inability of the AFL to accommodate its thinking to the potentialities for unionization of the mass production industries brought the CIO into being in 1935.

The CIO did something more than create flourishing unions in steel, autos, electrical manufacturing, rubber, oil and other key industries. It shook the AFL out of its torpor. Trade union membership grew from 4 million to 14 mil-

lion in a ten-year period. Since the war, however, partly as a result of the colder legislative climate generated by the Taft-Hartley Act and, at least equally, as a result of a drastic drop in organizing vigor, union rolls have leveled off. Today the AFL has nearly 9 million members, the CIO a shade over 4 million and the railroad brotherhoods, the miners and other independent unions about 2 million.

THE NEW LEADERS are hopeful they can start union membership uphill again. Dave Beck, for instance, is bent on increasing the membership of his Teamsters Union from 1,250,000 to 3 million in the next five years, and he has very specific ideas on how he is going to do it. A deceptively mild man, Beck demonstrated his recruiting ability on the West Coast, where he has had phenomenal success in drawing in new members. Some of his methods brought him into conflict with other unions, and it is not at all certain this will not happen again. But there is little doubt he will get results.

In a real sense, however, how much progress unions make will not be determined by personalities or by organizing tactics. Whether they move forward or backward will depend primarily on what they stand for and how much confidence they inspire in workers and the body politic. That is where the ideas of the new leaders become important.



—U.P. Photo

Dave Beck
He'll Get Results

At the forefront of this new leadership stand the new presidents of the AFL and CIO. What kind of men are these new pilots of the two great unions? They get along so well together that it took them only thirty seconds of face-to-face conversation in a New York hotel to toss aside the morass of "Alphonse and Gaston" red tape that had blocked merger talks between the AFL and CIO for two years. Yet, it is hard to imagine two men more different in physical appearance, personal habits and ideological background.

MEANY IS a cross between a bulldog and a bull. He weighs 220 pounds, but his bulk bespeaks

toughness and solidity. There is nothing flabby about him. Diplomatic double-talk has no place in his vocabulary. He says what he means, shunning the windy platitudes that make most labor speeches as dreary as a Rotary luncheon address. His frankness found expression at a conference with President Truman in April of last year. Labor was "on strike" against the defense agencies because it felt the Administration had stripped union officials of any real voice in the conduct of the preparedness program. The President called AFL and CIO leaders to the White House and sought to appease them by assurances that he was labor's best friend.

He urged the unionists to resume the posts they had left and to rely on him to see to it that they got adequate representation in all facets of the defense effort. Most of the members of the labor delegation mumbled polite assent, but not Meany. "That doesn't take care of it, Mr. President," he declared. He reviewed in painstaking detail the incidents that made labor feel it had got the runaround in its past efforts to obtain representation, and he insisted that a specific understanding be worked out before the boycott was called off. By the time the delegation left the White House, everything had been spelled out and amity restored.

An admiring CIO official, used to the rough and tumble of debate in his own union, turned to an AFL colleague as they walked out the gate. "I never heard anyone talk up to the President of the United States like that," he said. "That Meany's sure got guts." Meany was equally blunt when a titled British trade unionist objected to receiving letters from subordinate AFL officials, no matter how responsible or well-informed they might be. The British labor man insisted that the niceties of protocol required that he get letters only from Green or Meany, who was then AFL secretary-treasurer. Meany's reply gave him no comfort. "In American trade unions," the ex-plumber declared, "we are not concerned with titles or epaulets. We deal with problems, and there is no such thing as rank when it comes to getting them solved."

WHAT ABOUT Meany's opposite number on the CIO side? Fifteen years have gone by since the first General Motors sit-down strikes pushed Walter Reuther into national prominence, but he still looks more like a stand-in for Van Johnson or some other movie prototype of clean-cut American young manhood than he does a labor leader. No touch of gray dulls his red hair, no lines crowd his gray-blue eyes. The right arm

that the doctors despaired of saving after a thug's bullet pierced it nearly four years ago is slowly returning to normal usefulness. The arm is in such good shape that Reuther is able to putter around his basement carpentry shop again with hammer, saw and plane. A rare afternoon of fishing is his only outdoor exercise but he still has an athlete's build — square shoulders, barrel chest and taut stomach. He walks with a bounce and those who walk with him sometimes have to run to keep up.

A sandwich and milk at his office desk is lunch. He never drinks, smokes or plays cards. His enemies in the free-wheeling United Automobile Workers, the CIO's biggest union, assumed that such an absence of conviviality would make Reuther poison to the union's hard-boiled rank and file. He proved they were wrong by winning the union presidency in 1946. He proved it again last year by his victory in the CIO.

The decentralized structure of the AFL gives Meany a much less direct influence on collective bargaining than Reuther has in mass-production industries. That does not keep Meany from having emphatic ideas about the importance of more active involvement of unions in the betterment of the community. He is determined to intensify the Federation's efforts to expand and improve the public school system, to liberalize old-age and unemployment insurance, to institute health insurance and to wipe out racial and religious discrimination. Meany is no gymnasium fighter in the civil rights field. When A. Philip Randolph and Milton P. Webster, officers of the All-Negro Brotherhood of Sleeping Car Porters, were barred from the Houston hotel in which the AFL was holding its 1949 convention, Meany marched into the lobby, with Randolph on one arm and Webster on the other. "Either they get in or we get out," Meany told the manager. They got in.

Meany joins Reuther in pledging that America's unions will dedicate themselves to the common good. "Through our union organizations," he says, "we can and we shall make an ever-increasing contribution to the realization of a better and richer life by all the American people and to the preservation of our free way of life."

IN HIS NEW POST as Philip Murray's successor, Reuther will have an even more potent role in setting the bargaining patterns that will shape wage contracts in the mass-production industries. "The preservation of a free society," Reuther says, "depends on the voluntary assumption of responsibility by free labor and free industry. It is up to us to work out machinery through which we can settle our

problems on the basis of the economic facts and in the interest of the whole community. Our first job is to find out what the facts are. Our second job is to see to it that the facts get better and better each year because the bigger the economic pie we have to divide, the more chance there is to avoid conflict over how it is to be divided."

Reuther feels there can be no real collective bargaining if labor is deprived of its right to strike, but he recognizes that annual strikes in steel, coal, shipping and other vital industries eat away the nation's ability to support a higher standard of living. He sees nothing constructive, however, about a process in which strong unions and strong employers avoid strikes by ganging up to gouge the defenseless consumer. "I do not want to be part of a mechanism under which monopoly unions and monopoly employers put the squeeze on the consumer," he says. "If I thought my job was to get the most I could for a selfish economic pressure group, without concern for the public welfare, I would get on the other side where I could get more for my services. My interests simply do not lie in that direction."

—*U.P. Photo*

David J. McDonald
New Steelworkers' Head

IT IS IMPOSSIBLE to talk about Meany, Reuther, Beck and McDonald as men with identical union philosophies. Their backgrounds differ. So do their personalities and ideas. But there are certain basic beliefs they hold in common. Perhaps the most significant of these beliefs is a recognition that labor cannot keep getting more unless there is more to share.

That recognition foreshadows a considerably more hospitable union environment for the introduction of more efficient machinery—machinery that will produce more goods with less human effort. In the past, unions have put roadblocks in the way of labor-saving equipment because they feared new machines would wipe out jobs and cut wages. That attitude persists, but it is yielding to an approach that provides for an equitable sharing of the fruits of the technological advances among workers and investors.

The long-term peace pact be-

tween Reuther's United Automobile Workers and General Motors, the country's biggest manufacturing enterprise, spells out the concept that it is socially desirable to substitute machine oil for human sweat and thus to turn out goods more abundantly and more cheaply for the benefit of everyone. The contract gives labor a stake in increased productivity by providing that wages are to go up 4 cents an hour every year to match the normal annual rise of 2 to 2.5 percent in the fruitfulness of the American economy.

The General Motors contract goes further toward establishing a scientific base for wage determination than those in other industries. In addition to the annual improvement factor, it contains an escalator clause intended to bulwark the workers' pay envelopes against fluctuations in the cost of living. The contract enjoyed considerable popularity with the workers while prices were zipping up, but it is passing out of favor now that prices are standing still and even showing signs of edging downward. The sad fact is that labor is not yet ready for any slide-rule method of computing what is a fair wage.

Meany, Beck and McDonald are openly hostile to the use of "formulas" for fixing wages. They don't like escalator clauses and they don't like automatic factors for establishing the worker's share of increased industrial efficiency. Reuther himself is lukewarm to devices that tend to curb labor's bargaining power and put wages in a mechanistic strait jacket. The essential elements in the General Motors formula came from the corporation, not the union, and the union is constantly seeking ways to get more flexibility into the agreement.

Reuther's general rule is that friction over wages can be reduced if all the facts about profits, prices and productivity are laid on the bargaining table, if the facts get better every year (in the sense that there is a bigger pie to split up) and if labor and management try to work out their bargain with a consciousness that the public interest transcends the interest of either group.

ONE OF THE essential by-products of labor's growing awareness that higher labor standards depend on increased production is a heightening of the desire to avoid strikes. All of the new leaders hold fast to the doctrine that the right to strike should be preserved against any legal infringement. Otherwise, the pulling of labor's teeth would create such an imbalance of economic strength that realistic bargaining would be impossible. But, for all their stress on maintaining their economic weapons, the new

leaders are acutely aware that periodic strikes in the basic industries not only bear cruelly on the workers directly involved but also reduce the economic pie that is the source of improved wages, hours and working conditions.

What they are striving for is an equilibrium at the conference table that will enable labor to make its contribution to better production and distribution of goods and services and also assure labor of wages that will guarantee a consumer market strong enough to absorb the products of our increasingly efficient industries. Without such a market, increased production becomes overproduction, jobs are wiped out, industrial profits tumble, new plant investment ceases and prosperity collapses into depression.

Greater security for workers will be a major objective in the years immediately ahead. The guaranteed annual wage is high on labor's list of desired goals. The initial approach will be a demand that employers supplement state unemployment insurance benefits to bring a worker's earnings closer to his regular wage in periods of enforced idleness. Higher pensions and more comprehensive health programs are also on the agenda for the future.

The big question mark is how quickly the new high command can get across to the rank-and-file a pervasive sense of the primacy of the general welfare. Until that takes first place in fact as well as rhetoric, the country will have to fear new outbreaks of destructive labor-management warfare or the even less palatable prospect of labor-management peace based on the concept that powerful unions and powerful employers can get along best by ganging up against the hapless consumer. The public interest is the only sound yardstick labor and industry can apply to the solution of their quarrels. Labor's new leaders start with that recognition; the test will be how well they carry it through. ■

It Figures!

HOUSEWIFE SALARIES are advocated by a group of Scottish lawyers who think the practice would promote marital bliss. The legal experts, who have put their proposal before Britain's Royal Commission on Marriage and Divorce, think wives should receive an automatic cut from their husbands' paychecks directly from employers. The plan would reduce money squabbles within the family, it's figured. —*Wall Street Journal*

Some call it a slave labor law, others defend it staunchly, but everyone agrees that it's the most bitterly contested law in twenty years.

That Taft-Hartley Wrangle

—U.P. Photo

ENACTED IN THE WAKE of a grinding series of strikes five years and nine months ago, the Taft-Hartley Act has probably raised more blood pressures in this country than any single piece of federal legislation passed since the New Deal.

Last summer's strike in the steel industry thrust it into the headlines for weeks. In the fall the law became a hot debating point of the presidential campaign. Today we see it approaching an overhaul in Congress, with all sides airing their views in hearings which will be followed by the drafting of amendments.

Branding the Act a "slave labor law" calculated to break unions, labor leaders have repeatedly clamored for its repeal or large-scale amendment. Some employer groups now join the chorus, though discordantly.

Proponents of the law, denying any intended threat to organized labor, have admitted certain defects of operation while standing pat on its principles. As its chief author, Senator Robert A. Taft proposed 28 amendments to the law as early as 1949. A bloc of House members bent on repeal voted down these amendments after they had passed in the Senate.

Bystanders note that the present Act, which governs labor-

management relations in most industries taking part in interstate commerce, evidently does not provide the means to minimize strikes. Last year we sustained the heaviest strike toll of any year in our history except 1946 — a loss of about 55 million man days.

Despite the hue and cry long associated with it, the law remains an unknown quantity today to most of the people not caught up in its workings.

To a large extent, the give-and-take of labor and management in the pros and cons of revising the Taft-Hartley law stems from attempts to adjust to ever-changing economic forces. It also stems from efforts to adjust to conditions created by the economy: a rising standard of living, for example, which requires a further process of balancing the roles of labor, management and government, if it is to be maintained and improved.

Prior to the early Thirties, however, no such interplay among labor, management and government existed.

Traditionally our common law inherited from Britain threw its weight behind the rights of property owners. For decades union activities were judged mainly according to how much they seemed to be crowding the freedom of business owners and managers, and that of individual workers as well. Labor leaders frequently ran head on into injunctions, damage suits and criminal prosecutions. Meanwhile employers met little restraint in combating attempts to organize workers.

THE LABOR movement gained its first official leg-up in the United States when the Norris-LaGuardia Act was passed in 1932. This law ruled out many uses of the injunction against unions and their organizers.

When in the next year Congress enacted the National Industrial Recovery Act, trade unionism marked another stride forward. The NIRA was intended to boost production and employment in those days of deep depression by means of industry codes. It stipulated that every such code allow workers to organize and bargain collectively, "free from interfer-

Debate Flares Over

- The Closed Shop
- The Emergency Injunction
- Secondary Boycotts
- Industry-wide bargaining
- The Right of Striking Employees to Vote in Representative Elections
- Membership of the National Labor Relations Board
- Delay in Board and Court Hearings
- The Non-Communist Affadavit

ence, restraint, or coercion" by employers. This protection, accompanied by a rise in the level of employment, helped unions sign up hundreds of thousands of new members. It also brought government into the process of labor-management relations.

In 1935 the Supreme Court declared the NIRA unconstitutional. But within a month a whole new law to take the place of its provision on unions appeared in the form of the Wagner, or National Labor Relations Act.

Making plain its author's intention to promote the regulation of employment terms by collective bargaining, the Wagner Act was aimed chiefly at employers. It labeled certain anti-union activities as "unfair labor practices." If it could be shown that a worker had been fired for union activity, for example, the law provided he be reinstated with full back pay. The Act also bound the employer to bargain "in good faith" with the union speaking for the majority of his workers.

To pass upon disputes over union representation, as well as to prosecute unfair labor practices, the Act set up the National Labor Relations Board.

As expected, unions thrived under the Wagner Act. The CIO arose to set an entire new pattern of industry-wide unionization of mass production workers. Strikes broke out on a wide front, however, raising considerable public resentment against unions. Many individual states passed laws restricting union activities. In Washington the opposition of President Roosevelt and the Democratic majority in Congress sidetracked amendments to the Wagner Act.

But following the wartime truce on the labor front, strikes in coal, steel, automobiles and other heavy industries rekindled public discontent with unions and their relations with employers. Employers had long avowed the Wagner Act was one-sided. To this they added claims that in administering the law the NLRB showed pro-union bias. These pressures combined to induce some Democratic as well as Republican Congressmen to plump for amendments.

IT WAS AS a set of amendments to the Wagner Act that the Taft-Hartley Act became law on June 23, 1947, devoid of President Truman's signature.

The Taft-Hartley Act retained the Wagner Act's basic provisions regarding unfair labor practices of employers, the procedure for settling disputes, and the authority of the National Labor Relations Board. But it ruled out the closed shop, which had allowed only unionized workers to be employed in the plants where it applied.

It also broke new ground in add-

ing certain union activities to the list of unfair labor practices. For instance, it prohibited unions from threatening workers in order to make them join. It declared picket lines must not keep workers from their jobs. The Act also laid some restrictions on the way unions kept house, compelling them to submit financial statements.

Most important, the Taft-Hartley law asserted that collective agreements between labor and management are matters of public concern and are subject to public surveillance. So grounded, it further hemmed the conditions of collective bargaining. It prescribed the steps of procedure and tabooed the inclusion of certain provisions in agreements even when both sides favored them. And it wrote out a method for handling strikes in industries which directly affect the national health and safety —

When either side wants to change a contract it must give 60 days notice. If there is no agreement the mediation service must be told within the next 30 days. If in a case of national health and safety no settlement is won, an injunction may be asked for to delay a walkout 80 days. A federal board of inquiry reports on the issues and a poll might be taken whereby workers may vote on the employer's last offer. So far ten "national emergency" injunctions have been carried out.

Among other new applications of the injunction spelled out by the law is the prevention of secondary boycotts. These occur when unions throw obstacles in the path of one employer to twist the labor policies of another.

WHY HAVE spokesmen for organized labor attacked the Taft-Hartley law so vehemently? What are their specific complaints?

To a great extent these complaints are based on a premise that the Act was meant to weaken, or, if possible, destroy, labor unions. They deny it was intended to equalize the bargaining rights of labor and management as claimed by supporters of the Act.

In ruling out the closed shop, labor spokesmen claim, the Taft-Hartley Act makes real union security impossible. They point out, too, that the closed shop was legal long before the Wagner Act— even as far back as the earliest days of the labor movement. Labor history proves, says the CIO, that "opposition to the closed shop is a mask which usually conceals a basic objective of destroying unionism."

They see another threat to union security in the Taft-Hartley law's complex provisions for elections authorizing unions to bargain. In order to bargain for a union shop, the union, which is already the certified bargaining representative,

must meet the test of a special poll. It must secure a majority of those workers eligible to vote.

Furthermore, labor spokesmen argue that Senator Taft has brought back "the evil of government by injunction." His act authorizes the NLRB to secure an injunction in every case for which it issues a complaint, not just for those involving the national health and safety. During the months which may be required for the Board to rule on a case, the strike may be broken and the union tossed out of the plant, they say.

IN STRIKES involving the national health and safety, it is pointed out, the 60 days of advance warning actually stretch to a period of five months when the 80-day tenure of an injunction is added. The first legal test of the emergency injunction hangs fire this month in the United States Circuit Court of Appeals. It was brought on by the United Steelworkers (CIO) when an injunction was issued to put off a strike at the American Locomotive Company works at Dunkirk, New York. This plant makes construction materials for the Atomic Energy Commission.

The union claims the case involves no national, hence no emergency, tie-up. Labor fears that unless it wins this case a precedent may be set for a wider variety of "national emergency" injunctions.

Complaints over delay make up a separate category in themselves. The Taft-Hartley law's provisions lead to more time-consuming court procedures than did those of the Wagner Act. Secretary of Labor Durkin has said that difficulties in the law's provisions for representative elections have caused delays of up to three years in winning certification of local building trade unions as bargaining agents.

As for the law's provision against secondary boycotts, this is declared to violate the moral right of unions to protect union standards. Strategic as well as emotional concern for the labor movement as a whole is apparent here.

No doubt the most irritating part of the Taft-Hartley Act to unionists is the so-called "union-busting" clause. President Eisenhower singled it out as objectionable during his campaign. This clause bars employees who are on strike from voting in elections to determine which union shall represent their plant.

As a matter of pride, finally, most labor officials take exception to the law's provision that they file non-communist affidavits before they may deal with the National Labor Relations Board.

Have unions gained or lost membership since the Taft-Hartley law went into effect in 1947? They report a mild, steady growth, but insist their rate of increase has

been slowed down by the Taft-Hartley law. This they lay not only to the law directly but to the many state-enacted "little Taft-Hartley Acts" which affect industries which do not engage in interstate commerce.

In finances most unions run well ahead of their 1947 position. Their treasuries are full and fat today, partly as a bulwark against possible depression.

The CIO claims the past fiscal year to have been its most successful since 1946 in the South. It reports having taken on 90,000 new members during the year in this traditionally difficult area for unions.

Among employers' objections to the Taft-Hartley law as it stands, perhaps the prickliest has to do with nation-wide bargaining. The United States Chamber of Commerce and the National Association of Manufacturers advocate cutting off the power of individual unions to call strikes in many companies and in many states simultaneously. Some employers even assert that all bargaining should be limited to one plant and one union local at a time. Others would have unions confined to bargaining with a single corporation, of whatever size.

On this point unions take the view that to limit their industry-wide bargaining powers would further dissipate their force as a movement. They say it would amount to atomizing unions while corporations are growing and extending their influence.

Some present provisions of the Taft-Hartley Act and their enforcement would be tightened by employer spokesmen. They claim unions are "getting away with" secondary boycotts on a wide scale, while the NLRB is looking the other way. And the closed shop, they protest, continues to apply in several industries, particularly construction.

The NLRB will undergo changes, many believe, in both organization and procedure. The number of members may be increased beyond five to seven, with the present roster wholly replaced.

From the point of view of the nation as a whole, the provision of the Taft-Hartley law most urgently needing attention is that dealing with strikes affecting the national health and safety. Our present defense posture underlines this need. Most agree that 54-day tests of endurance between labor and management, such as took place last summer in steel, must not be repeated. Neither labor nor management would agree to compulsory arbitration, however, on the basis of past statements.

The future composition of the Taft-Hartley law may be indicated in part by a series of proposed amendments already made public

by Senator Taft. They answer some of labor's major complaints. Among the most important:

- Discharged strikers may vote in plant elections to decide which union should represent them. Their successors, if any, may also vote.
- Representatives of management as well as labor must file non-communist affidavits before being allowed to deal with the National Labor Relations Board.
- Most of the heavy paper work required of unions, in reporting on their finances and so on, should be eliminated.
- The NLRB must no longer automatically give first attention to injunctions upon unions when secondary boycotts are claimed. It must also consider whether the employer is engaged in secondary boycotting against the union.
- The definition of a secondary boycott should be modified so that it no longer applies, for instance, in a case where a union at a plant refuses to work on material sent from another plant involved in a strike.

The make-up of the present Congress seems to throw a damper on organized labor's chances for seeing most of its objections to the Taft-Hartley law met. As rated by the AFL Labor's League for Political Education, last November's elections increased the preponderance of "unfriendly" Congressmen. In the Senate the League sees 38 friendly, 56 unfriendly, and 2 uncertain members. In the House it sizes up 161 as friendly, 238 as unfriendly and 36 as uncertain.

In any event the new law probably will remain static, over the next few years, only to the extent that the economy to which it is geared remains so. ■

Why Women Buy

WHY DO WOMEN BUY? This problem has plagued marketing men for a long time. Tom Bresnahan, of *McCall's* magazine, came up with this amusing—but apparently accurate—list of feminine reasons:

1. Her husband says she can't have it.
2. It makes her look thin.
3. It comes from Paris.
4. Her neighbors can't afford it.
5. Nobody's got one.
6. Everybody's got one.
7. It's different.
8. Just because.

—*Modern Industry*

ARE UNIONS CHANGING?

They're tending toward cooperation not coercion, for the strike is a blunt weapon that hits labor and management alike.

by FREDERICK LEWIS ALLEN

THE LABOR UNION plays today an anomalous part. By its very nature it is divisive, required to be anti-management, anti-company, anti-industry, a sort of His Majesty's Opposition that will never, like an opposition political party, be required—or be able—to take office and show that it can do better.

The union leader is in a curious spot. Unable, himself, to put into practice any of the changes for which he campaigns, he is compelled by his very position to make the most of grievances, to whip up mistrust, and in some cases to keep alive the threat of a strike which may paralyze not only the company or industry against which he is campaigning but many another which has had no part in the dispute. When inflation threatens, the position he occupies almost forces him to keep on pushing for increases which will add to the inflationary pressure; if he doesn't, he may lose his job to someone who shouts more loudly and consecutively than he. For he is cast in the role of a crusader, and if the time comes when the need is not for rebellion but for reconcilia-

Frederick Lewis Allen is editor-in-chief of Harper's Magazine. This article is excerpted from his latest book, "The Big Change," Harper & Bros., N. Y. Copyright 1952 by Frederick Lewis Allen.

tion and reconstruction, he is in danger of losing status. Furthermore, his search for able subordinates is complicated by the tendency of management to promote some of the ablest potential candidates into ineligibility. He is required almost inevitably to be an underminer of that loyalty to the company which offers one of the deepest satisfactions of corporate work. And the one really strong weapon in his arsenal, the strike, is an exceedingly blunt one, which hits a great many people at whom it is not aimed.

THAT THE RIGHT to strike remains one of the fundamental liberties in an industrial society one may agree. One may agree, too, that unions and their leaders have played and are playing a vital part in the raising of the general standard of living; and that, by and large, the codes of practice which they have written into the statute books of industry (always excepting the featherbedding codes imposed on certain industries) have done and are doing much to make for decent conditions of life which would not otherwise be attained. It seems undeniable, furthermore, that some method of providing an uncringing representation of the rank and file of corporate employees in the contest over the disposition of corporate funds is essential to our general well-being. Yet it remains an anomaly of our industrial life that this deep division of loyalties is built into it in a day when the trend toward a general American standard of living is otherwise such a unifying force.

Under these circumstances it is noteworthy that we have so many ably managed and responsible unions as we have today, and that patience and good will are so often to be found on both sides of the table in management-labor relations. Strikes, like airline accidents, make news; reasonable agreements, like the hundreds of thousands of airline flights that arrive safely, do not. In the reports of the British productivity teams there has been frequent mention of the extent to which managements and unions have been found to be working together toward the improvement of manufacturing and administrative methods. One reason would seem to be that common-sense people recognize that they work better, and are happier, when their loyalties are not in head-on conflict, but overlap.

THAT ALREADY the strike itself is tending to change its character in response to this recognition has been manifest in recent years. Though some strikes have been bitter and violent, these have been the exception; and the contrast of the rest with the strikes of earlier

years has been very sharp. Mary Heaton Vorse, who as a reporter deeply sympathetic with labor observed the steel strikes of 1919 and 1937 and then that of 1949 at close range, visiting some of the same mill towns and attending strikers' meetings, was astonished at what she saw in 1949: the absence of violent goon squads; the sympathy of the townspeople generally with the strikers, who seemed to them not a mob of red revolutionaries, as they had seemed in 1919, and even in 1937, but a collection of respectable fellow citizens to whom it was reasonable to extend financial credit in the emergency; the action of some company officials in serving coffee to the pickets; the manifest interest of almost everybody in maintaining order. The contrast with the old days has been even cleaner-cut in some other recent strikes, during which there has been noted in the local community an air of friendly excitement something like that at the close of a lively political campaign, or at the time of a big football match; in such communities the strike has been regarded not as class warfare but as a sort of game played between two teams, one of which has numbers on its side while the other has authority and money.

Meanwhile there are further signs, here and there, of a further evolution toward a lessening of the anomaly, toward a conceivable new order of things. Recent contracts tying wages to productivity are one sign. Such innovations as the Scanlon system of rewards, which again emphasizes productivity, are another. The widening group of companies which have introduced profit-sharing — some of them, like Lincoln Electric, with astonishing results — constitute still another. The intense preoccupation of many company officials with the art of communicating with employees and the public, and the studies which are constantly being made of the satisfactions and dissatisfactions of the workers' lot, are likewise encouraging. It may be that one of the changes we shall see during the next generation will be a transformation of the very nature of the union from an instrument of counter-loyalty and coercion into a less emotionally divisive though equally effective part of the organizational machinery of American business. For as it exists today it is becoming something of an anachronism in the more enlightened industries. ■

'Coal is the element on which our economic superstructure rests!'

'A man is just as essential as any other item in the cost of production.'

by John L. Lewis

'The Thundering

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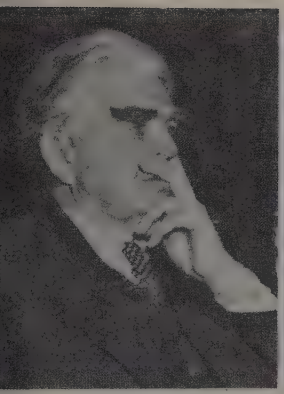
I AM PROUD of the contributions that the United Mine Workers of America has made to the coal industry of America. For long years before the United Mine Workers of America completed the organization of the industry, the coal companies paid no taxes, comparatively speaking, to the United States Treasury. They had no profits. They had no earnings. They were living on their reserves and eating up their capitalization paying salaries.

The American coal operators never would have mechanized their mines unless they had been compelled to do so by the organization of the mine workers. The UMWA holds that labor is entitled to a participation in the increased productivity due to mechanization. We decided the question of displacement of workers by mechanization years ago. We decided it is better to have a half million men working in the industry at good wages and high standards of living, than it is to have a million working in the industry in poverty and degradation.

There can be no increase in the standard of living in America ex-



No one can crush the spirit of la-bor which desires organization.'

'Not in America! Not in my book!'

'Labor is entitled to a share of increased productivity.'

Voice'

—U.P.—Acme Photos

The labor-economics philosophy of the world-famous labor leader — culled from the UMWA book, "John L. Lewis."

cept as we create new values by increased productivity. For example, in England now, the per capita coal production is a little over a ton per man per day. The United Kingdom has only one great natural resource in volume and that is coal. Forty to 45 million people are literally standing on billions of tons of coal that is as good as any coal in the world. They lack the aptitude to pick up enough of it to keep themselves warm.

The British mine worker has to live and accept his pay on the basis of the amount received by the employer from one ton of coal per day.

Many years ago, the British miners' union, a large organization of miners, officially opposed the introduction of machinery and the use of power and automatic machines in the mines.

The British mine owners were perfectly content to accept that point of view and to take from the industry all of the increased revenue, against what they should have plowed back to put the industry on a modern basis.

The result has been that the British mines have become obso-

lete in every economic sense. England is staggering economically because of that fact; while, on the contrary, here in America we have increased the productivity per man per day until it is now 7.7 tons, or seven times that of Great Britain, and it is delivered to our consumers at prices less than one-third of the cost in Britain. And yet our industry pays a wage structure, on a weekly basis, that is three and one-half times that of Great Britain.

Had it not been for the position of the United Mine Workers of America, not only to accept and encourage, but also to demand modernization—constant modernization of our mining industry—and to demand cooperation of our membership with that policy; had it not been for that, economic and political America would have been in just the same position as the British Empire today, because coal is the element upon which our superstructure of economics rests. True, we have some substitutes. They merely have gone to make up part of the increased consumer requirements of heat units in this country. Our country still requires more coal than it did at any time in history. That is a normal process, notwithstanding that perhaps 300 million tons, more or less, are displaced by the competition of natural gas, fuel oil, hydro-electric power, and other substitutes. But that is all right. As long as those things are economically preferable, they should be encouraged.

SOME GENIUS may solve the question of harnessing solar energy. I think it will be a happy day when that comes. I'd like to dream of a civilization where men don't have to go underground into the mines, just as long as those men have a chance to be absorbed into the economy.

You know, in our form of economy, there are three parties to benefit as a result of these improved techniques—a new chemical formula, a new invention, a new process. I am among those who do not believe that God ever put an idea in the mind of an inventor for the sole advantage of an employer. The parties to benefit from that improved technique and that increased productivity are: the investor and the employer who has his investment made more secure and more profitable; the worker who is able to have a higher wage, shorter hours, improved conditions and greater protection against evil days; and, the public which draws its reward from having a unit of manufacture at lesser cost. . . .

The mine workers rely upon the UMWA to secure for them a fair participation in the economy of the country. And the UMWA does not believe in wage controls. It

does not believe in price controls. It does believe that the mine workers can secure their fair participation in the nation's economy without strict government control over that economy.

The collective bargaining structure of our country represents the sum total of the efforts through the years of countless numbers of men, representing industry, labor and the government, who have participated in the gradual crystallization of these formulas. Collective bargaining efforts have justified themselves. Those efforts, in a large sense, have contributed to America's productive capacity. They have stood the tests of two world wars, as well as the tests that accrue daily in peace time. . . .

Without the union and without collective bargaining, the individual worker is continually subject to individual exploitation and the whims and caprices of management, who prefer to post their wage schedules on the bulletin boards of their plants without having to take the trouble to negotiate them with the men who are going to work.

The establishment of a peaceful, working basis of industrial relations permits not only management but also the labor union to turn its attention to constructive objects. This is a fact that is all too frequently overlooked. Far too many people think of labor unions simply as militant organizations. The militant character of the labor movement is the result of the fact that labor has been placed constantly on the defensive and its legal and natural rights to organize and to bargain collectively have been denied or, at least, constantly opposed. It, therefore, unhappily follows that an entirely disproportionate part of the energy and ability of union members and labor leaders is necessarily directed to a struggle for existence and growth. In this state of almost constant struggle and strife, it is impossible for the union to make that contribution to industrial efficiency and social planning which it wishes to make and believes it is qualified to make.

It is impossible to crush the spirit of labor which desires organization. Outward manifestations may be crushed from time to time, but it always will reassert itself. To postpone acceptance of this fact is merely to help continue a system of constant friction and hostility.

The Taft-Hartley slave law is an act of oppression because it is designed not to destroy labor, as such, in a forthright manner but to prevent the logical growth of unions. And it is delaying them. If you will tell me how many members the American Federation of Labor and the Congress of Industrial Organizations have organ-

ized since the passage of the Taft-Hartley Act, I will be much obliged. I can tell you now. It is none.

And, furthermore, the Taft-Hartley Act, in its civil provisions, has legalized the methods of disemboweling our modern labor organizations through civil damage suits which will be filed whenever the evil days of depression come and it is possible for industry to strike down our unions one by one.

I THINK that the coal miners have the right to strike. Unless you change our form of government, you cannot stop a coal miner from stopping work, either individually or collectively. Not in America! Not under our concept of the privileges of citizens and their relationship in a democracy! When you enact legislation that takes away that right, you are starting a new era for America. You are throwing away our Republic and you are beginning to set up a totalitarian state . . . .

I do not believe that the fact that a man strikes for a wage increase, or wants improved working conditions, or wants a decent pension arrangement, or wants shorter hours, or wants security for his old age makes him a communist. Not in America! Not in my book!

Nor do I believe it is necessary for me to state that I am not a communist and that the United Mine Workers of America is a law-abiding institution. The UMWA, in 1923, issued a pronunciamento warning American labor of communism. The UMWA, in 1927, wrote into its constitution that a communist could not be a member of the organization. The UMWA has no communists in its ranks. It is against those who promote disobedience of law and who hope to achieve their objectives by violence. The mine workers in this country have been fighting the communist movement since its inception. It is not a new thing with us. We are Americans!

I am against regimentation of industry, or the destruction of the profit incentive system that built our Republic and our country to the proportions it now occupies.

Free competitive enterprise is free relationship in commerce and in the ordinary undertakings of human existence and relationship, with only the rules laid down by governmental authority.

I THINK our labor unions, our trade associations, our cooperative institutions, our grain dealers' associations, our orange growers', onion growers', potato growers', sheep growers', corn growers', and hog growers' associations are all free associations—voluntary associations—which we have in this country — and are the inherent checks and balances of our econ-

omic system. They furnish the pressures that make for the competition which results in further experimentation and adaptation of better devices, increased productivity, lower unit costs to the consumer; and those are the pressures that make the producer always alert to go forward, improve his product, lower the cost of production so as to insure that he will stay in the market. It is part of our free enterprise system.

How much for each? That is where collective bargaining comes in. Who gets so much? That is the bargaining that has been going on in the market places through seven thousand years of known human history.

The right of the buyer to buy or not to buy, the right of the seller to sell or not to sell, the right to bargain in conference as to how much we want before we would accept: that is the difference between freedom and serfdom! In the Middle Ages, when men were serfs to landowners, they did not have the right of contract. They did not bargain for their services, the work of their hands, their brains or their goods without the consent of the master. The thing that made men free was to have the unqualified right to contract their own goods and their own services and not to contract those goods and services if they were not satisfied. That is the difference between freedom and serfdom in America.

So I look with growing alarm at the tendency of the CIO, as an organization, and the AFL, as an organization, constantly to agree in Washington that some government board will have the right of life and death, in every economic sense, over the sixty-two million workers in America gainfully employed. That is the trend toward compulsory arbitration. I do not yield to any man in America, who is not a party to my employment, to have the right to say how much my wages shall be, and what kind of education I give my children through his fixation of my income. That is just too damned much power to give to somebody else!

I AM REMINDED, I might say in passing, of a story about Confucius who, with his mandarins, was making an inspection one day of part of his province and came near the foot of a green mountain, and he heard a woman sobbing in grief. He approached her. She was kneeling by the side of a new-made grave. He said:

"Woman, why weepest thou?"

She said: "My husband was killed by a tiger and he lies here. Three weeks ago my son was killed by a tiger, and he lies here. Therefore, I weep."

Confucius said: "Woman, why

do you not leave a country that abounds in tigers?"

She said: "The government here is not oppressive."

He turned to his retinue and his mandarins and said: "Let this be a lesson to you: that oppressive government is more to be feared than tigers."

The United Mine Workers of America do not believe in tying the miners to wages and prices imposed by the government. Nor do we accept the theory that wages should be tied to the cost of living. To accept that theory would forever condemn workmen to remain in a fixed status during the tenure of their existence upon this earth, and would offer no hope for future improvement. Merely to regulate the workmen's compensation by the rise or fall of the cost of clothing, by the price of shelter or the value of stable foodstuffs is a theory that should not be accepted in America.

We hold that the care of the human element in industry should run inherently with the cost of production. A man is just as essential as any other item in the cost of production. For instance, mining is a particularly hazardous industry. The result is a tremendous usage of manpower which, when used up or dispensed with in the ordinary way, renders these men physically or occupationally unable to enter other industries. They then either live in poverty or become a charge against the public purse and the taxpayers of the country are assessed for state aid, hospital funds and charities.

The United Mine Workers of America Welfare and Retirement Fund is conducted on the basic principle that a commodity, used generally by the public, should completely bear its own cost of production, rather than have the production of that commodity subsidized by the government.

We think that the 30 cents a ton for the Welfare Fund is an insignificant and comparatively unimportant item in the entire cost of producing coal.

We think, too, that the fund is an asset in many ways. It is a community asset because we find now that the businessmen and the professional men in the mining communities recognize that it turns a family from a state of pauperization to an asset to the community. They have purchasing power furnished by the Welfare Fund.

And we think, in the end, it will affect the whole picture of tax collection and assessments. We think it is fundamentally sound from the standpoint of our American form of government and the idea of preserving free enterprise, and is the basis upon which can be built up the whole economic, social, and political structure of our nation. ■

Highlights in American Labor

Many problems had to be met — human problems from which the labor union emerged, rising stormily to the position it holds today.

AS WE LOOK BACK over the past events in the American labor movement, we find a history studded with incidents of sharp controversy and violence. But among the cries of *scab, injunction* and *vested interest* we can see that the problems which had to be met have been human problems emerging close on the heels of economic and industrial expansion. The struggle has been characterized by a striving for better working conditions and a higher standard of living for the worker — peppered by politics and greatly influenced by the changing requirements for the general good of the country as a whole. The demands of labor have not always been reasonable; nor has the reluctance of management always been reasonable. Today, however, the extremes of injustice have, for the most part, been eliminated. Captains of Industry and Union Bosses alike still have lines to toe, but more and more, tear gas and troops, goons and union strong-arm men have been replaced by the conference table.

Here are some of the high points in American labor history, a struggle for existence on one hand and for power on the other. There have been steps ahead and steps backward, but the progress is clearly marked.

Labor Highlights (*Continued*)

1778 **The first stirrings** — "journeymen" (skilled) printers in New York combined to demand an increase in wages. When the increase was granted, the young organization disbanded.

1786 **The first strike** — the printers of Philadelphia struck for a minimum wage of $6 a week — and won.

1792 **Philadelphia shoemakers** — formed first local craft union for collective bargaining. It disbanded in less than a year.

1794 **Federal Society of Journeymen Cordwainers** — formed in Philadelphia by the shoe workers. It lasted until 1806, when it was tried and fined for conspiracy.

1806 **Criminal conspiracy charges filed** — when the shoemakers' union struck for higher wages. The union was found guilty and went bankrupt paying the fine.

1825 **The first women's trade union** — the United Tailoresses of New York was formed and nine years later the first attempt at a national federation was made. However, the National Trades' Union failed to survive the financial panic of 1837.

1840 **Presidential order** — President Van Buren issued an executive order for a ten-hour day for federal employees.

1842 **Labor unions held legal** — for the first time the courts held that labor unions were legal organizations rather than criminal conspiracies.

Child Labor Laws — Massachusetts and Connecticut passed the first laws prohibiting children from working more than ten hours a day. Five years later, New Hampshire fixed ten hours as the legal working day.

1848 **Minimum age law** — Pennsylvania passed a child labor law setting the minimum age at 12 years. But a year later the minimum was lifted to 13.

1852 **Formation of first union to survive to this day** — the International Typographical Union.

1862 **Molly Maguires** — a secret society of Irish miners in this country charged with acts of terrorism against mine bosses in the name of social justice. The Mollys were uncovered by a Pinkerton detective who contrived to become a member of the group and so achieved fame as the first of many labor spies. Fourteen Molly leaders were imprisoned and ten (possibly not the real culprits) were hanged for murder. The society dissolved in 1876.

1866 **National Labor Union formed** — the first serious attempt at national federation. Faced with the problems of rapid post-Civil War industrialization, the National Labor Union allowed political as well as labor organizations to affiliate. Failed to achieve its ends (hours-laws and worker ownership of industry) and unions dropped out. The Union became purely political until 1872 when it died.

1868 **First federal eight-hour day** — law passed by Congress — applied only to "laborers, workmen and mechanics" employed by the federal government.

1869 **Noble Order of the Knights of Labor** — grandiose in aims and title. Maintained extreme secrecy in first years, but later organized skilled and unskilled workers openly. (Only groups banned were lawyers, bankers, gamblers or liquor dealers and Pinkerton detectives.) Won a strike in 1886 against Jay Gould's railroad lines, forcing him to give union recognition, and shouted from the housetops for the eight-hour day.

1870 **First written contract between coal miners and operators. Union label wrapped around first cigar** — by Cigar Makers International Union in San Francisco.

1877 **First peace-time action of federal troops in labor dispute** — occurred during a strike of railroad workers east of the Mississippi against a 10 percent cut in wages. Chief outcome: 100 persons killed and 200 injured.

(Continued) ⟶

Labor Highlights (*Continued*)

1881 **Precursor to the AFL** — formation of the Federation of Organized Trades and Labor Unions in Pittsburgh. Led by Samuel Gompers and Adolph Strasser of the Cigar Makers Union, members were skilled workers who wished to avoid the mass movement of the Knights of Labor, which they feared would destroy trade unionism as they conceived it. Concentrated on immediate issues of wages and working conditions rather than socialist utopias. Organized skilled workers only. Later became AFL.

1883 **Brotherhood of Railroad Trainmen formed.**

1884 **Bureau of Labor created in Washington.**

1886 **Haymarket Riot** — began as a peaceful protest against the killing of four strikers at the McCormick Reaper Works. However, fighting broke out: one policeman killed and several others wounded. Later four anarchists hanged for murder; one committed suicide. Three were jailed but later pardoned. The riot served to damage the labor movement, especially the Knights. It aroused public sentiment against the unions and held back the struggle for the eight-hour day.

Formation of American Federation of Labor — first federation of national unions. Represented skilled workers with bargaining power sufficient to command employer recognition. Rejected political groups.

1890 **United Mine Workers formed.**

1894 **Another setback for radical unionism** — Pullman strike by the American Railway Union (led by Eugene Debs) against the Pullman Company. Again injunctions and federal troops were used against the workers and the strike failed.

1898 **The Erdman Act** — provided for mediation and voluntary arbitration of railway labor disputes — legislation still in use today. Also forbade discrimination against workers for union membership (later declared unconstitutional).

1900 **International Ladies Garment Workers Union, AFL** — by now the AFL under Gompers had steadily been gathering strength with a membership which in 1902 exceeded a million.

1903 **Creation of the Department of Commerce and Labor.**

1905 **Industrial Workers of the World formed** — preached and practiced militant mass action against "capitalistic enslavement." Members mostly unskilled workers in the West.

1908 **Danbury Hatters Case** — Supreme Court invoked Sherman Anti-Trust Act against the union, ruling that a nation-wide boycott against a manufacturing firm is a combination in restraint of trade. Treble damage provision applied against union.

1913 **U. S. Department of Labor** — with William B. Wilson, a trade unionist, as first Secretary of Labor. A year later the Clayton Act was approved, limiting the use of injunction in labor disputes. Picketing was again made legal.

1916 **First Federal Child Labor Law** — declared unconstitutional in 1918.

Federal government took control of the railroads — also named the Secretary of Labor as War Labor Administrator. The National War Labor Board was formed to settle controversies by "mediation and conciliation."

1919 **International Labor Organization** — created by Peace Conference in Paris. ILO held first meeting on October 29 in Washington, D. C.

1926 **Railway Labor Act** — employers required to bargain collectively and discrimination against union members officially banned. The act also provided for the settlement of railway labor disputes through mediation, arbitration and fact-finding boards.

1932 **Norris-LaGuardia Act** — prohibited federal injunctions in labor disputes and denied enforcement of yellow-dog contracts.

1933 **National Industrial Recovery Act** — NRA codes must guarantee right of employees to organize and bargain collectively.

U. S. Employment Service created.

(Continued) ⟶

Labor Highlights *(Continued)*

1935 **Wagner Act set up the National Labor Relations Board** — established the first national labor policy protecting the right of workers to organize and engage in collective bargaining.

Committee for Industrial Organization founded by AFL affiliates — for the purpose of organizing workers in mass production industries. Suspended by AFL in 1936. Permanent organization, Congress of Industrial Organizations (CIO), set up in 1938.

1936 **Anti-Strike-Breaking Act** — it became unlawful to transport strike-breakers across state lines.

1937 **United Automobile Workers, CIO** — won recognition from General Motors and Chrysler after a series of sit-down strikes. Recognition from Ford, plus the first union shop agreement with a major automobile manufacturer, after a strike in 1941.

1938 **Fair Labor Standards Act** — provided minimum wages and time-and-a-half for overtime. Minimum working age set at 16. Established 40-hour week.

1943 **Committee on Fair Employment Practices** — established to conduct fact-finding hearings and to take appropriate steps to eliminate discrimination against any person employed in war industries.

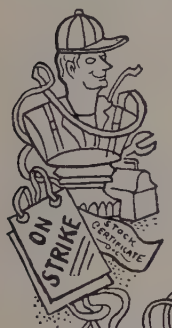
Smith-Connally Act — passed over President's veto, authorized plant seizure if necessary to avoid interference with war effort.

1947 **Taft-Hartley Act** — held by many to be a defeat for labor. Followed on heels of greatest strike year in American history in terms of man-days lost (113,000,000 in 1946 — a figure three times higher than in the two peak years of 1945 and 1937).

1952 **53-day strike of United Steelworkers, CIO** — occurred after seizure of mills by President Truman was declared unconstitutional by Supreme Court, June 2, 1952.

1953 **Proposed revision of Taft-Hartley Act** — recommended by both major political parties. AFL announced it might accept an amended Taft-Hartley Act.

Can an Owner Go on Strike?



Stock purchasing by employees points the way to new ideas of labor and management.

BACK IN THE DAYS when Captain Eddie Rickenbacker roared stripped-down automobiles around a race track for a living, he shared his prize money — if any — with the oil-spattered men in the pits who changed his tires and serviced his cars.

Today, as president of Eastern Airlines, Rickenbacker puts the same principle to work in his company's stock-purchasing plan for employees. And it's paying off. Some of Eastern's mechanics and executives who invested early have become independently wealthy this way.

More and more employers are following the lead of such companies as Eastern Airlines by offering stock-purchasing plans to their workers—secretaries, quarry miners and freight clerks as well as management men. This development has already elbowed a place into the average-income and retirement-fund picture. It's becoming a new factor in labor-management relations.

What's more, employee stock purchasing may be opening a new phase in the kind of capitalistic economy we live by.

At this date, about a quarter-million employees own shares in their companies. In thirty or so large corporations with active employee stock-purchase programs, about 27 percent of the eligible workers participate. It's not a big trend *yet*. But in many industries, there's talk of employee control to come, and there's a well of enthusiasm waiting to be tapped.

When a Pennsylvania manufacturer of paper products conducted an employee-attitude survey late last year, the question on its stock-

purchase plan scored one of the highest marks in the "morale-index" survey.

In an Ohio plant manufacturing electric welding equipment, a shopworker remarks typically: "The stock-purchase plan gives me a feeling of belonging. I feel that I am working for myself . . . working to increase the value of my stock." Another reveals: "I bought stock because of the safety of the investment and because I know precisely what is happening in the company. It also makes my work much more interesting — because now all the new things that come down my line have some bearing on my final income for the year."

A gray-haired Midwestern railroad yardmaster says: "Here's the way I see this stock-purchase plan. I've already paid for three blocks and plan to buy more. I've got six years to go before I retire. When I do, these dividends are going to mean a tidy income in addition to my pension."

At the same railroad yard, an electrician speaks up: "The plan is very sensible, very intelligent. Not too much of a monthly outlay for an employee, either, and it makes you feel more a part of the railroad."

One of the leading steel producers first put its employee stock-purchase plan in motion just after the steel strike was ended. Despite this psychological handicap, plus the fact that most of the company's workmen had gone without paychecks for eight weeks, one out of every three took up his option for the plan. This absorbed 83 percent of all the stocks set aside for release.

When a multi-plant chemical manufacturing concern offered its fourth plan in a series to employees last year, 45 percent of them — nearly 10,000 workers — subscribed. They weren't able to get as many shares as they wanted, either.

One veteran employee admitted: "I never thought much of the stock market, so I never bought stock before. But now that I have bought four times, I'll have some to sell to pay for my son's education, and the rest I'll keep. . . ."

Perhaps the best-known single example of an employee stock-purchase plan is that of Sears-Roebuck and Company — it has weathered the test of time, satisfied employees and helped the company.

Sears-Roebuck began its plan in 1916. Today, more than 10,000 workers own stock in the company, providing 24 percent of its capitalization. Says Robert E. Wood, chairman of the board: "The success of the Employees' Savings and Profit-Sharing Fund obviously has been the success of the company."

Gwylim A. Price, president of the Western Electric Corporation, outlines his own philosophy and

that of top management in general in promoting an employee stock-purchasing plan:

"First and foremost, the purchase of shares gives the employee a stake both in the company's operations and in the nation's economy as a whole. In a very personal way, it shows him how increased productivity can lead to greater earning power by the company and hence to a growth in his investment.

"Second, it gives him a sense of participation quite apart from that which he feels as an employee. However few the number of shares he may purchase, if the employee believes he is part-owner of that lathe, this milling machine, or that new research laboratory, he is well on his way to an understanding of investment capital and its function and significance in our system.

"Third, the plan helps to foster those personal qualities that are at the heart of the enterprise system — thrift and foresight . . . ."

IN THE steel industry, employee stock-ownership plans in operation may eventually bring about a new pattern of management as well as financing. It has been estimated that if most of the nation's steelworkers were to sink 5 percent of their earnings into company stock, at the current rate of return and the current market value of the shares, they would own 25 percent of the steel industry in six years. In twelve years, they would control it.

Benjamin Fairless, chairman of the board of United States Steel, recently commented that if unionized employees won control of the company, they could name their union head chairman, in his stead, and run the company to suit themselves.

There wouldn't be any walkouts, Fairless reasoned: "After all, how can an owner go out on strike? Why, hundreds of lawyers in Washington would go crazy trying to figure out whether the workers were striking against themselves as owners, or whether the owners were locking themselves out as workers."

The extent to which employee stock purchasing may figure in their companies' financing remains unexplored, uncharted — to be pored over and thrashed out by securities experts of the future. It may become an integral part of the modern practice of corporations securing the capital they need from their own corporate profits — without benefit of borrowing from outside sources.

The American Telephone and Telegraph Company, one of the earliest and biggest promoters of employee stock purchasing, offers a case in point. After the end of World War II, when the Bell System faced the largest construction

program in its history, it decided to try calling upon its employees for a big share of the financial bricks it needed. The company offered 2,800,000 shares in a special plan.

More than 200,000 workers combined to snap up the huge block of shares. Currently, A. T. & T. employees are paying for 1,800,000 newly authorized shares through payroll allotments.

How do stock-ownership plans for employees work? Significantly, they all turn on payment-by-installment. In fact, Walter C. Beckjord, president of the Cincinnati Gas and Electric Company, states his company's decision to adopt such a plan "resulted primarily because, while a number of employees had indicated their desire to become shareholders in the company, they invariably stated further that they were unable to accumulate sufficient money to permit them to buy stock for cash on the open market."

In most plans the employer helps the purchaser financially. Of the two main types, the more common is the "true" stock-purchase plan. Under this, the employee commits himself to buy a given number of shares at a certain price and begins to make regular contributions toward payment.

Becoming more popular is the second type of plan, the stock option.

It has been encouraged by a change in the Internal Revenue Code which gives the purchaser a tax advantage. This plan was designed for the executive originally, but has been modified for the wage earner. It offers a definite amount of stock at a specified price. If the employee exercises his option to buy these shares, payroll deductions begin right away. The money is held in his account, however, until there is enough to cover the entire amount of stock.

If he should change his mind in the meantime, and decide not to go through with the purchase, his money is returned.

According to the National Industrial Conference Board, about one-fourth of the present employee stock-purchasing plans set the selling price to employees at the current market value. About half of the plans give some kind of concession in the purchase price.

Most plans limit the number of shares an employee may buy. This prevents him from acquiring more than he can afford. It also gives all eligible employees a chance to buy at least a few shares.

For all their apparent promise, employee stock programs do not sit well with many in management. This stems in part from the experience of the Twenties.

Three decades ago, employee stock-purchase plans won wide acceptance. But in the stock market crash of 1929, many workers lost their investments and blamed their employers, or former employers. Many others who retained their de-valued stocks for a time prevailed upon their employers to reduce their commitments or re-purchase their shares at the original price.

WITH THIS dreary chapter still heavy upon their memory, many employers refuse or put off employee stock-purchase plans as long as they see a chance that stock prices may fall drastically and generally. Some claim that the average worker, with so little to fall back on in an emergency, should put his savings into a more stable form of investment.

Apart from this type of resistance, certain large-scale individual stock holders view both executive and wage-earner stock-purchase plans with an unsympathetic eye.

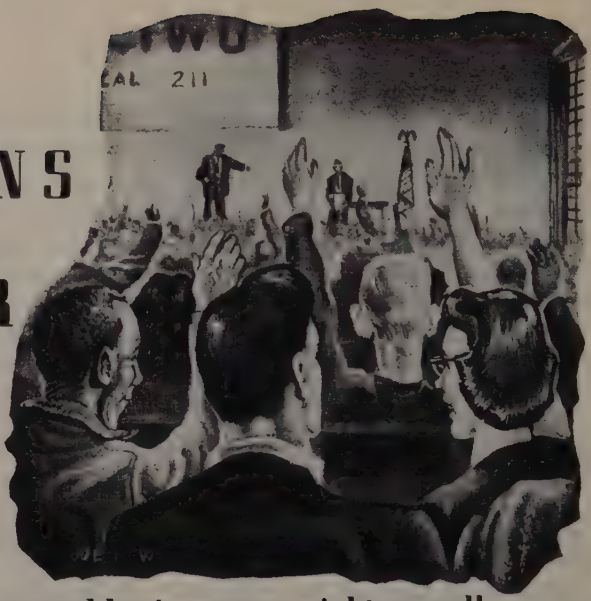
As for the reaction to employee stock purchasing by organized labor, no clear picture may yet be discerned. In most cases local union officials discourage members from participating, apparently fearing a loss of loyalty. As national federations, the AFL and the CIO will not yet commit themselves to a policy.

John L. Lewis, however, withheld his United Mine Workers from taking part in a stock-purchase program of a steel company. In response to a direct query on this matter, Thomas Kennedy, vice-president of the United Mine Workers, declares: "We opposed the stock option and stock-purchase plan by employees because we believe that such plans do not conform with the traditional principles of the American labor movement and are detrimental to the wage earners in general. . . ."

With respect to investment generally, unions do not set themselves up against capitalization by means of privately bought stocks. Many locals with surplus funds buy stocks themselves through "mutual funds." It is particularly worth noting that unions often purposely avoid learning where their money goes, in order that their possible dealings with the companies involved may not be influenced.

If ways can be found to reconcile fears of a depression, resistance by some important stockholders, and opposition by unions, employee stock purchasing may provide a springboard to a new and brighter phase of American capitalism. ■

'Unions Never Lose'



'They're here to stay and businessmen might as well face the facts and learn to accept the good and resist the bad with might and main.'

by Clarence B. Randall

In trying to think his way through the problems of the day, the businessman might just as well tackle the tough ones first and make up his mind what he thinks about labor unions. They are here to stay, and if he doesn't like them as they are, he might as well face the fact that they knew what they wanted and got a lot of things done while he was still content to be profane and say he would have no truck with them. This will go on until he makes up his mind as to what is good and what is bad about them, and accepts the good and resists the bad with might and main.

I have seen it all from the beginning. I was just the right age and in just the right spot, when the storm broke, to have the labor problem thrown at me without warning, and of course without training. There was one such man in every company, and I happened to be the one in mine. I went through that bloody period of organizing by violence. After that

I fought the battle of the lawyers, and spent my days in a welter of injunctions and appeals. And my sleeve would be heavy with service stripes if there were one for every mediation conference in which I have participated or every fact-finding board before which I have testified. So it is hard for me to be objective, but I try to be just that, for I know that bias never settled anything.

The ideal attitude, for example, of an employer toward the union question can be stated quite simply, I think. The choice of whether to join or not to join a union should lie strictly with the individual worker. It is a matter to be determined within the confines of his own conscience. If he feels powerless as an individual in the face of the economic power possessed by his company, it is altogether understandable that he will want to associate himself with other like-minded men for mutual protection by joining a union. If that is his free choice the employer should accept it with complete integrity. That is the law, and it is also good industrial morals.

Such is the peaceful scene as commonly imagined by those well-meaning people who call every manufacturer a reactionary, but unhappily it isn't usually that simple. A good employer knows his men; they talk to him privately and he feels that they speak the truth. When they tell him that they distrust the union organizers, that they believe them to be both dishonest and unpatriotic, but that they are sure they will have two feet of cold gas pipe laid across their ears if they don't sign up, the management man goes hot with anger because he feels deep sympathy for the dilemma of his men. I have heard labor leaders publicly defend such violence on the ground that their cause advances social justice and that no individual has the right to stand in the way. I have heard them say publicly that they would refuse to obey a court injunction that forbade violence. And, since I consider respect for law and order and the rights of minorities to be fundamental in this land of the free, I repeat that I find it hard to be objective.

'The modern statutes have assuaged this somewhat, and the secret ballot under public auspices gets at the truth of what the employee really wants. I have no sympathy for the employer who ignores that truth. If his men really want a union, he has but

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Clarence B. Randall has been president of Inland Steel Company since 1949. He has developed an international reputation as an outspoken and fair-minded leader of American industry. The material appearing here was excerpted from Mr. Randall's book, "A Creed for Free Enterprise," published by Little, Brown and Company.

one honest course, to accept the verdict and enter into the new relationship with a sincere determination to make it work.

BUT THE well-meaning intellectual will be far off the mark if he thinks that the new laws have brought full democracy to the internal administration of labor unions. Reflect, for example, upon the lack of turnover in the men who hold the top offices in the nationwide unions. There is no security like it in the world, and no parallel for it in any other situation where men are chosen by popular ballot. The same names have been before us for a generation. Reflect also upon their lush expense accounts, their Cadillacs, their vacations in Florida, and their year-round suites in the best hotels. And when, if ever, does the elaborate window dressing of a national policy conference result in a rousing vote to turn down the program brought forth from the inner circle?

Even in the locals there is very little genuine grass roots thinking. A union in a large plant that might have 10,000 members seldom has 400 at a meeting, and the inner circle runs the show. The thoughtful worker who doesn't want to strike stays away from the meeting, for it isn't healthy to be labeled a management stooge. The indifference of voters to the great issues in a national election is as nothing when compared to the apathy of the great mass of union members toward the inner politics of their union. Indifference, however, is probably the wrong word. It is more a sense of complete futility.

With a skill and perseverance that one must respect if not admire, a few men who represent but one segment of the nation have achieved for themselves a power over the welfare of all such as no elected public official has ever held or ever could hold constitutionally.

Never for a moment does the pressure relax. No national emergency has been so severe but that it has been used for their advantage, and no ultimate objective has ever been suggested which, if accomplished, would end the pressure. People often ask me what it is that organized labor really wants, and I have to reply sadly that there is no final concession which if granted by management would end the strife. A great labor leader who announced that he had reached the final goal would be thrown out and replaced by the man who promised more, and so to keep himself in office he must and does go on forever promising more. But management cannot go on forever giving more. In the broad sense the men who manage a business are merely the agents of the public. It is the public

really who give, and soon there will be nothing more to give. So I say that there come times when management simply must say no to big labor and make it stick.

Industry-wide bargaining is one of the whips by which we are marched. We goose-step to the music of Pittsburgh. If one steel company, having in mind only its own circumstances and needs, arrives fairly at a bargain with its workers, forthwith it is decreed that this shall be the pattern, and that six hundred other companies, large and small, located in widely separated geographical areas, and having heaven knows what circumstances and what needs, shall sign on the dotted line. Try as they may, they will not be permitted to reopen the discussion, even though the contract may destroy the company. They will be told by the so-called international representative of the union that he has no authority to grant concessions, this at the same time that the members of the local are being told that the management is not bargaining in good faith.

The truth is that occasionally we have been given a long shove down this path toward the supreme pattern of nation-wide sameness by management itself. Not only during the war did some industrial leaders openly advocate industry-wide bargaining, but then and now many more have accepted it with a smirk of complacency. They like the security of knowing precisely what their competitors' labor costs will be, and so long as the good times last and they can pass the burden on to the public through higher prices, why should they worry? If some plant is to be struck, they would much prefer that it be someone else's. So they call in the international representative and say, "Listen, Mike, you know we have always taken care of our boys, so why don't we keep going and I'll tell you now we'll do whatever the big fellow does." Free enterprise can't be preserved with that sort of courage, nor can a favorable climate of public opinion be formed by men who so little understand that patterns strangle freedom.

THE SKILLFULLY directed mass labor movements reach the peak of their power at the national level with the now familiar sequence of the threat of a nation-wide strike aimed at some important product or service, a widely advertised national convention or meeting of the policy group which provides the sounding board for thunderous denunciation of all of the companies in that industry, and the listing of impossible demands. Twenty to thirty seems to be about the usual number. Then comes mediation, which affords the opportunity for more press

conferences, then mysterious rushings to the White House by government officials, then fact-finding by a specially appointed board, then government capitulation to another round of inflation.

Through all this welter of showmanship and pressure, collective bargaining as envisioned by those honest people who used to plead with management to meet labor half way is completely abandoned. The particular employer knows nothing at all about what is going on except what he reads in the paper. If timidly he insists upon being heard by the fact-finding board he might reluctantly be granted thirty minutes by tired men who have never before heard of his company. Gone entirely is the concept that the employer will sit down quietly around a table with his own men and in a spirit of fairness work out their differences, having in mind the special situation of that one plant in its relation to a highly competitive industry, and to the end that all may gain by making that particular company prosper. In its stead comes the pattern, the deadly sameness which destroys initiative, and which often spells disaster for a business not favored by natural circumstances, but which may nevertheless be the principal industry in the small community where it is located. The decentralization of industry now so earnestly sought by government and by thoughtful citizens cannot be fostered under the pall of national patterns. The GI hopefully starting his own little business in the town of his birth has stormy times ahead. A contract designed for General Motors is almost certain not to fit him. Unions call all this a drive to eliminate geographical differentials in wage scales, but in fact it is a drive to eliminate small business. With all wage rates made identical throughout the country, the big will get bigger, and the small will virtually disappear.

CONSIDERATION of this growing thirst for power by the tycoons of the modern labor movement, power that shall be coextensive with the forty-eight states geographically and that shall permeate every segment of the national economy, brings me quite logically to the subject of fact-finding boards. The process is quite simple. The union announces a paralyzing strike in a basic industry, and then the day before the catastrophe hits, graciously stands aside in the public interest at the request of the President to permit men from outside the industry who bear no responsibility for its welfare to determine what is best for it.

A typical public member believes that his duty in the midst of

the crisis is threefold: first, he must try to do justice between the parties; secondly, he must avert a strike; and thirdly, he must not let the head of a large union lose face. So when all the testimony is in and the last press conference has been held, he yields to expediency instead of principle and gives. After which he goes back to the campus of his university, sheds the responsibility as he resumes his academic gown, and lets others struggle to make it work. The strike, it is true, is settled, but the damage done to the economy by the cowardice of compromise may be immeasurable.

Among the three factors that influence the decisions of public members of fact-finding boards let no one underestimate the importance of the last, their unwillingness to let an important labor personality lose face. It is known in management circles as the "Phil has got to have something" principle. It operates at every level of governmental mediation and in every phase of interference in collective bargaining. I have heard it personally in I can't tell how many government conferences. We seem to be committed to a policy of balance of power among the great labor tycoons under which each in turn must make a spectacular gain for his followers. Yet, obviously, such considerations are utterly foreign to a thoughtful consideration of what is best for our economy and the perpetuation of the American way of life, and totally unrelated to what is a fair wage as between a particular employer and his workmen, located in a particular community.

BUT AS we tell our story we must be scrupulously fair. Unions are here to stay, and we must accept them honestly as a permanent part of our industrial organization. Our antipathy to the things about them which we criticize must not blind us to the great values which they can contribute to our country when they with equal honesty accept the free enterprise system as something worth fighting to preserve. They can become dynamic outposts of our American democracy if they will lift their sights and accept responsibility coextensive with their present power. Within their ranks, and wearing their buttons proudly, are as fine Americans as can be found anywhere. As individuals they are almost universally hard-working good citizens. And this leads one to venture the hope that their collective conduct may soon reflect the sum total of the instinctive right-mindedness they are seen to possess when observed just as people.

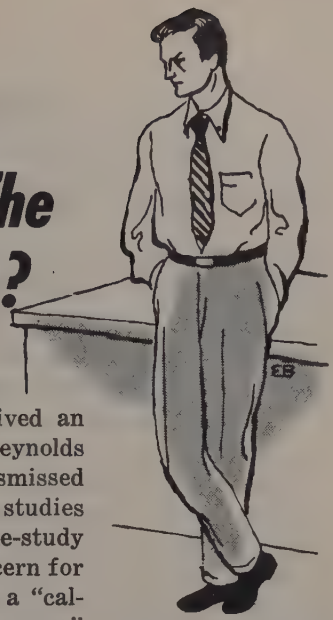
Incidentally, the way to test whether a businessman has honestly accepted the union which has been organized in his plant is to

watch his policy on promotions and see whether he occasionally invites an aggressive union leader to cross over into management. If he does, he has. If he gives the next foremanship to the grievance man in the department because he is the best man, then he is being objective. This altogether wholesome practice is now going on all over the country, carrying with it a valuable cross-fertilization of ideas, and the singular thing is that this new recruit to management often has to be softened down. From being too tough on officials he sometimes switches to being too tough on workmen.

When we look at Europe we sense that in many respects the development of our labor movement has been fortunate. We have competition between different unions for members, for jurisdiction, for status and prestige. We also have a great deal of wholesome competition between employers and union leaders for the allegiance and self-interest of workers. Because of union competition employers are steadily pressed to do a better job of human relations, and the tone of this rivalry is steadily becoming more civilized. I consider this genial spirit of competition so healthy that I should greatly deplore it if one great all-embracing union ever came about in this country. *If labor unions continue to keep management men on their toes, and if we in turn have the courage and intelligence to hold them up to higher standards of responsibility, the greater stability that we all seek may be closer at hand than we now believe.* ■

"Yeah, six o'clock this morning. Eight pounds, ten ounces!"

TIME STUDY: Have We Lost The Human Equation?



CHALLENGE MAGAZINE recently received an angry letter from an angry reader—Mr. Reynolds Snyder of Albany, New York, who was dismissed from his job after several time-and-motion studies were completed in his factory. The time-study experts, Mr. Snyder felt, showed little concern for the welfare of the workers and exhibited a "callous and selfish point of view in their program."

Unfortunately, no phase of scientific management is so muddled and misunderstood as time study. Though it is one of the most important elements in scientific management, many people—even those in industry—are unfamiliar with its techniques and purposes. They approach it with misgivings nurtured by vague suspicions and nebulous ideas.

What is the real purpose of time study? The layman might say that time study determines how fast a man can work, with the intention of devising means to speed him up—or even to eliminate his job altogether. But this is almost a complete misconception. From among many attempts to define time study, we feel that Steven L. Palmert, Chief Industrial Engineer of the Whirlpool Corporation, has stated it most scientifically for us.

"Time study is a means," says Mr. Palmert, "to determine the time required to perform a specific operation, by a designated method, for a normal skilled operator working at a pace equal to the plant concept of normal."

In an effort to explain time study and to get an answer to Mr. Snyder's questions, we asked six specialists in this field to comment on his letter. The letter and the answers appear on the following pages.—ED.

The Letter

EDITOR, CHALLENGE MAGAZINE:

I am writing to you to present a serious problem, one that I have been unable to answer but which affects many like me.

For the last nine years, I have worked in a chemical plant. I believe that I was a good worker. But recently I was informed that my services were no longer required. It was quite a blow.

I ask myself why — and I think I deserve an answer.

One day my foreman came to me and said he was terribly sorry but that the factory would have to cut down on its help. That was all.

I guess it all started when two specialists were hired by the firm. I didn't know who they were at first, but they came in and stood at my elbow, taking notes and timing me while I mixed chemicals in a vat. No introductions or explanations were offered, but soon it began to dawn on me that they were two Very Important Persons — an industrial engineer and a time-study expert.

These two mysterious gentlemen were supposed to lower the factory's costs and increase its profits. They were supposed to make studies leading to greater efficiency and higher production. Time study is an industrial science in which one man discovers how fast another man can move. Its purpose is to find quicker ways to produce a larger output and, with management's fingers crossed, a better quality of that which is produced.

The basic trouble with these cold plans is that they often do not concern themselves with human qualities, with the morale and feelings of the workers. The best time-study plans can easily go awry if the welfare and attitudes of the worker are not first considered.

And that is exactly what happened in my factory. Our supervisors kept the whole affair a secret from us and then expected us to play ball.

Do you wonder why I am bitter? These men weren't concerned with us at all. Efficiency was their goal. When they introduced a new method, they didn't even consult with us about it.

I recall a revealing incident. I was adding soda ash to a charge — a little at a time. Soda ash is mean to handle; it irritates the skin and causes much sneezing. So the less handling the better. But the expert

with the clock seemed ignorant of this, or else he didn't care. He asked me to increase the addition of soda ash from a sprinkling to a half-bag at a time. Fortunately for him, I refused. If I had followed his orders, the reaction within the 28,000 volume kettle would have caused trouble.

This is just a sample of the callous disregard for the worker by the industrial engineer. When will industry learn to understand the human equation in life? How can workers be expected to cooperate if they are always treated like outsiders?

Perhaps it was necessary to fire me for the sake of efficiency, but must not industry assume its share for better human relations?

REYNOLDS SNYDER
ALBANY, NEW YORK

The Answers

"Worker's cooperation essential to success."

Irving Budnoff, Director of Industrial Relations, Channel Master Corp.

Introducing a time-and-motion study without any attempts to secure the cooperation of the employees involved substantially reduces the possible benefits of such study, and frequently, it even defeats its purpose.

When workers are suddenly confronted with such a study without adequate explanation, they are likely to regard it as a device to introduce a speed-up and will naturally resent and oppose it. Today, the management of many plants—in an attitude of enlightened self-interest — seeks the cooperation of its workers by giving them full explanations of the purposes and methods of time-and-motion study, even going so far as to invite the unions to be joint sponsors.

So-called "scientific management," based only on the physical principles of engineering and physiology, is gradually being displaced by a scientific management which also takes into account the sciences of human relations — psychology and sociology.

It is unfortunate that Mr. Snyder's former supervisor did not have the benefit of study in these courses, or made no use of them, if he did have access to them.

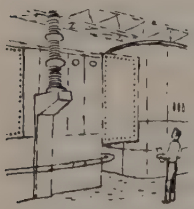
"The callous and inhuman approach is rarity rather than rule."

James E. Newsome, Superintendent, Johnson & Johnson, Inc.

We have reason to be proud of the progress in human understanding that has been made by all phases of management, including the engineer. That we have not succeeded entirely presents an incentive for continued effort.

Lack of interest in employee well-being can often inhibit progress faster than the engineer can make it. We must develop, as part of our job, a satisfactory relationship between the savings to the company and reward to the employees who make the savings possible.

We recognize that the industrial engineer cannot be allowed to stop with the setting of a rate, or the establishment of a method. His thinking must continue on into the area of personnel relations.



"The question of Mr. Snyder's rights vs. technological progress . . ."

William Gomberg, Director, Management Engineering Dept., International Ladies' Garment Workers' Union

The letter from Mr. Snyder is a very familiar one. It reads very much like the plant is a non-union one. The essence of democracy in industry does not and should not depend up on the beneficent good will of the employer who is free to act human or inhuman.

If the union were in the picture, there would have been a definite code of jurisprudence to govern situations such as Mr. Snyder describes.

The union would attempt to negotiate with the factory so that Mr. Snyder's rights would be protected and at the same time technological progress could take place. I am certain that many will argue with Mr. Snyder that, after all, technological progress must take place and you can't stop it. Just why it should follow from this that Mr. Snyder should be expected to subsidize this progress on society's behalf remains a mystery — particularly when he is evidently a member of a group least able to stand the strain.

"The human equation should be considered and understood."

Walter H. Wheeler, Jr.,
President, Pitney-Bowes, Inc.

Mr. Snyder is certainly right when he says that the human equation should be considered and understood, particularly when time studies are being taken, and incentive systems installed. If there ever was a time when employees should be consulted every step of the way, this is it.

In our own plant, where time study is used and incentive programs are in effect, we do not, as a general rule, fire anyone who fails to measure up the first time in a particular job.

We have discovered, after much trial and error, that there are some particular incentive jobs one person can do very well, while another incentive job requires speeds and talents which that person might not have. It is certainly management's responsibility to see that a person is measured against every possible job before he is found wanting — this is particularly true when an incentive system based on time-study methods is first being installed.

"Exactly what is time study supposed to do?"

Donald H. Dalbeck, Treasurer,
Reed-Prentice Corp.

Mr. Snyder's letter is certainly very interesting. We do not know both sides of this problem, so the approach to it must necessarily be a very broad one.

The attitude of the industrial engineer and time study expert is far different from any I have come in contact with over the last fifteen years. It is difficult to realize that an up-to-date engineering firm would countenance not informing operators when time studies are being made and the reason why they are being made.

I would suggest to Mr. Snyder that time study and methods are not primarily an implement to "find out how fast one man moves

against another." Time study and methods are actually used for four fundamental purposes:

1. To set up a standard at which an average operator can produce under normal conditions.
2. To set up basic costs on which the selling prices are developed.
3. To permit the more efficient operator to be rewarded for his higher skill by more earnings.
4. To provide management with "guideposts" with which to operate the business profitably in these days of highly competitive conditions.

Without time study there would be practically no control of costs and profits.

Mr. Snyder must recognize that American industry over the last two centuries has been able to record its tremendous progress through new methods which were the result of sensibly applied time study; these methods have not meant being "laid off," but have contributed to our being able to provide additional jobs to the extent of almost 63 million today. Within the next ten years, it will increase to over 70 million jobs, because of more efficient operations and more precise technological approaches to general production problems.

"Mr. Snyder's example will help keep us on the right road."

Chester L. Brisley, Industrial Engineering Mgr., Wolverine Tube Division, Calumet and Hecla Consolidated Copper Co.

Mr. Snyder's letter is a well-written example of how a well-organized modern business does *not* function. Unfortunately, the bad practice shown in one instance will undo the good work that goes unnoticed in the majority of industry.

All leading consultants and progressive managements recognize today that participation is the key to successful management-employee relations. The employee is a partner of modern industry. His assistance is and must be solicited in improving the effectiveness of the company's operation.

As modern management policy, a man is never dismissed because of technical improvements. This specific point has been emphasized many times by management's direct correspondence with employees. Technical

improvements will continue to eliminate the need for operators on a specific job, but with the planning on the part of management, it is always possible to relocate the employee in some other equally or even more satisfactory position in the organization.

While modern management is endeavoring to do a better and better job in human relations, carelessness is apt to creep in. Calling attention to examples such as Mr. Snyder's will help keep us on the right road.

"We must determine what makes a person tick."

Ben S. Graham, Director of Methods Research, The Standard Register Co.

Unfortunately, too many technicians in scientific management feel that their techniques are pure science and can be reduced to formulae. In addition, many technicians try to protect their security by maintaining an air of mystery about their techniques. Today we are plagued by many "90-day wonders" in scientific management.

A competent approach to the solution of a problem is predicated on considering all the facts involved. The attitude and reactions of people are part of those facts.

It seems to me that there are two basic causes which will have to be corrected before we can avoid a repetition of situations such as Mr. Snyder has described. The first has to do with general attitudes in business, industry and government. For years we have been spending tremendous sums on research. Probably 95 percent—or 19 out of every 20 dollars spent—has gone for research involving methods, machines, materials and products.

Each generation sees changes in all of these. There is only one element which we know will be permanent in our industrial and economic setup—the human being. Yet we spend what is left—approximately 5 percent, or one dollar out of twenty—to determine what makes a person tick. If the ratio were almost reversed, it would seem to me to be more logical.

The second cause is a weakness which in recent years has been alleviated to some extent. For many years I have felt that the greatest need in any professional education is to train the individual to express himself in such a way as to persuade others to go along with his ideas. In business this is most readily accomplished by consulting employees.

OPPORTUNITIES UNLIMITED

63,000,000 of Them!

THERE ARE ALMOST 63 million people employed in this country today. A few years ago, economists thought that 60 million jobs were a Utopian ideal and couldn't really be expected to materialize for a long time to come.

We not only caught up with that Utopian figure last year, we passed it. But that is as it should be, because 1952 was a record year in just about everything:

- Retail trade hit a new mark in dollar volume.
- About $40 billion was spent for food, the most yet — and not on bread-and-potato diets, either. This money bought more and better food than ever before. It was a record year for beef, citrus juices and fresh vegetables; maybe you're paying a little more *for* them, but you're probably eating more *of* them.
- There was even money left over for savings. The National Association of Mutual Savings Banks — while admitting that debts of all kinds and installment buying increased—reported that last year assets of their 529 member banks topped the $25 billion mark for the first time.

This rosy glow, of course, is the direct result of an economy in which employment has continued to rise for twelve straight years and today offers 63 million jobs.

In this dynamic and constantly expanding economy, industry and labor continue their traditional alertness in each other's presence, but today both are in a healthier position than ever before. Industry and labor have made great advances—not *in spite of* each other, but *with* each other.

Each day's newspapers bring new reports of improved health and hospitalization insurance, recreational activities and wider retirement policies being included—

to a greater extent than ever before — in labor-management contracts.

This, of course, has a practical as well as an idealistic aspect. As workers become harder to get, it is only good business for management to make working conditions as pleasant as possible in order to attract more and better people from whom to choose their employees.

Another sign of good times is the attention being given to the recruitment of workers from three groups which normally have trouble getting jobs—women workers, the physically handicapped and older persons.

Now, what about these nearly 63 million people? In what industries do they work?

Here is the way the Bureau of Labor Statistics breaks down the major areas of employment.

Manufacturing industries employ the largest number of people —almost 16 million, about equally divided between producers of durable (autos, steel beams) and nondurable (food, clothing) goods.

These industries offer jobs to many different types of workers. With the help of science and technology, they look ahead to a program of continuing expansion.

Typical exponents of this trend of thought are leaders in the auto industry who say their future plans revolve around a "guns-and-butter" program geared to adequate production for defense and peacetime needs.

The aircraft industry, too, looks forward to continued prosperity during 1953.

The food industry sees an increase in retail food sales.

Producers of both durable and non-durable goods find joy in the fact that on the basis of last year's birth rate, there is a new customer born every 13 seconds.

Farming, because of the advance of technology, is employing fewer and fewer people over the years, but it is still one of the largest areas of employment. About 6 million farmers own and run their farms, and they employ another 2 million people as farm laborers. This number rises to about 4 million in the summer, giving work to students, housewives and people who are in other occupations during the rest of the year.

Trade gives work to about 9 million employees — salespeople, clericals, deliverymen, elevator operators, porters — and almost 2 million proprietors. There has been a long-term upward employment trend in retail and wholesale trade.

The government — local, state and federal—employs over 6.5 million people. More than two-thirds of this number work for state and local governments as teachers, nurses, typists and policemen.

The remaining one-third work for the federal government in shipyards, arsenals, printing plants, offices and post offices. The Armed Forces, too, employ highly skilled men and women to teach machinists, airplane mechanics and electricians.

As government services increase —through schools, sanitation, welfare work and veterans' benefits— more people will find more work in this field.

Service industries—repair shops, laundries, hotels, beauty parlors, theaters, motion picture production organizations, advertising — employ almost 5 million people. This group is growing rapidly. A fact which illustrates the rate of this expansion is that well-paying, responsible culinary jobs in the nation's hotels go begging.

Transportation and public utilities are largely men's fields, with about 4 million workers as locomotive engineers, truck drivers, telephone operators, musicians, engineers, seamen, ticket agents and Pullman porters.

The fact that musicians are included in this lineup is not a whimsical touch by the Bureau of Labor Statistics: it means that communications — the radio and television industries — are included in this class.

Also included in this fast-growing group is the airlines industry. Despite its relatively small size, the field of transportation, communications and public utilities is attracting many young people.

Construction, too, is mostly a man's field. Of the 2 million workers employed, a large proportion are skilled—carpenters, plumbers, etc. In the past, this has been a "prosperity" field, in which employment was directly related to the general economy. Right now, employment is high and long-term prospects are bright. One reason for this is the mass exodus from the cities to the suburbs which has been going on in all parts of the country during the past ten years, creating a need for new homes.

Finance employs about 2 million workers, mostly clerical, in such fields as banking, insurance and real estate. This field is growing.

Mining of all kinds employs fewer than a million people. The employment trend here is downward.

Those are the major *industries* in which people in this country work today.

In these industries, workers are of three *types.*

- The semi-skilled — machine operators in the factories and truck drivers, for example — are the largest group.
- Clerical workers — including salespeople and all service people except domestics — are next.
- The skilled workers — a very wide range which includes admin-

istrative, professional and semi-professional people — are the third largest labor group.

Speaking in terms of unionization, these groups fall into about the same order. Semi-skilled workers are the most organized; clerical workers are next, then the skilled workers. About 16 million workers—or one out of every four —belong to unions.

EXACTLY HOW do these types of workers compare to employment breakdowns for previous years?

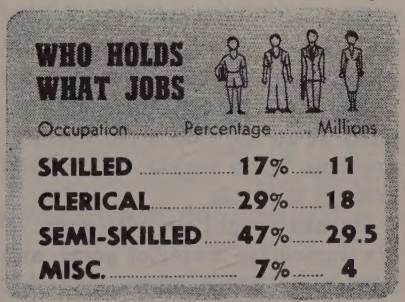
● Since the turn of the century, there has been a decline in the number of farm laborers and unskilled laborers. As a job classification, "unskilled labor" has just about disappeared. The village handyman — jack of all trades, master of none, and an example of this group—has applied himself diligently and moved up one social notch into the semi-skilled factory worker group. His passing has unleashed a horde of "how-to" booklets, which attempt to take his place and show you how to be your own plumber, your own repairman, your own gardener.

On the feminine side of the labor picture, the ten years between 1940 and 1950 census saw the disappearance of an entire class of unskilled workers—the domestics. And this resulted in the success of a whole group of women's "service" magazines, full of ads for labor-saving devices—replace your departed domestic with a home appliance—and detailed homemaking instructions for women who had formerly counted on other people to run their homes for them.

● Skilled workers as a group have held their own.

● All other fields have increased, particularly the clerical, sales, administrative, professional and service fields—or those which require a white collar.

Economically, the reason for this white collar trend is that as production increases, becomes more varied and requires less physical work, the factory worker's job



classification tends to become more and more skilled. At the same time, the distribution of goods becomes more complex and requires more people, semi-skilled and skilled, to take the goods from the factory and to market them to consumers.

This economic trend is also reflected by a typically American attitude. It is a sociological axiom in this country that children of farmers and laborers tend *not* to

follow their father's occupation, while children of physicians, teachers and journalists tend to follow their father's occupation. Or, in very scholarly language, "adolescents in differing socio-economic groups tend to choose occupational objectives at the same level as, or higher than, their parents . . . ."

This Horatio Alger attitude is dramatically illustrated in the Secretary of Labor's family. Mr. Durkin, a former plumber's apprentice, has a son in prep school. It's almost a sure bet that Junior isn't going to be a plumber!

THE AMERICAN worker today makes more money, lives better and works less — both in actual physical labor and working hours —than ever before. With employment at an all-time high, his first problem is no longer to get and hold on to a job.

He has caught up with most of his immediate material goals, and now he is going after intangible goals. And these seem to center about the psychological rewards which previously belonged — almost exclusively—to the white collar group, that mythical "middle class" which was supposedly the buffer between capital and labor.

In 1890, the white collar was a symbol of economic as well as intellectual superiority.

Then, the white collar average salary was about twice that of the wage workers. Today, the income of both is just about the same — and in many instances, the factory worker's "wages" run well ahead of the white collar worker's "salary." Economically, today, almost everyone is "middle class."

In 1890, there were about 10,000 bachelor's degrees granted by colleges. There was a comparative scarcity of college men in any community, and a college degree meant that a man was on his way in the business world. Even during the 1930s, a college degree was a rarity. Often, it was an unnaturally high standard set to eliminate many of the applicants for a job which didn't particularly require higher education. Last year, almost 400,000 bachelor's degrees were granted. Today, a college man — and woman — is no longer a rarity.

As higher education comes within the reach of more people, there is a tendency to regard a college degree not strictly as a business asset, but more as a cultural advantage which will give an individual a deeper, fuller personal life, whatever his job may be.

That's an additional touch to the portrait of today's American at work. Not only is he better fed, better clothed, richer materially, he has also attained most of his psychological goals.

It's a very nice picture, and we aim to keep it that way. ■

ECONOMICS IN ACTION *(continued)*

The tidelands oil problem is still far from a solution...Attorney General Brownell has ruled that Truman did not give the tidelands oil to the Navy--and that means that no one is agreed on who owns it. ...Briefly, the controversy is this: The Supreme Court has ruled that the federal government, and not the states, owns the 3-mile-wide strip of land lying under our coastal waters...Rich in oil, this land is also claimed by states like Louisiana and Texas, which argue that their rights may extend as far as 100 miles out to sea...Northern senators, on the other hand, want the proceeds of the oil divvied up among all the states--the bulk of it going for aid to schools....

Economists have come in for a blast from one cost-conscious Congressman. He reports that half the economists in the country--2,498 to be precise--are on the federal payroll. By cutting the number to 200, he believes that the government can save about $40,000,000 a year. After all, he says, "the Navy had one last year but they got ashamed and cut him off...."

The possibilities of purifying salt water for industries and farms will be investigated by government and private industry. Especially in the rapidly growing West, new sources of fresh water are important...Our iron reserves are also in for examination. Although the world iron supply should last another 825 years, industrialists are elated by a new process for converting low-grade ore to useful purposes... Germanium, a little-known but vital metal, is being sought in smokestacks and ashpits. Used in television sets and other electronic devices, the metal fetches $350 a pound--more than half the price of gold....

ECONOMICS IN ACTION

The long-haired musician is fiddling to get rich these days. Sales of classical records have soared to account for almost 40 percent of the industry's business...Baseball and beer continue to go together. Once, Col. Jacob L. Ruppert, the beer tycoon, owned the New York Yankees. Now, August A. Busch, the Anheuser-Busch brewery millionaire, is buying the St. Louis Cardinals for $3,750,000. Who sponsors Cardinal broadcasts? Griesedick Beer, of course!...

The United States and Mexico have become involved in some tempest-in-teapot controversies recently. One concerns American shrimpboats accused of "pirating" in Mexican waters; the other is a dispute over the cost of twine used to bind carrots into bunches!...Hawaiian statehood poses a complication for flagmakers. Will the 49th state make the current flag obsolete, and, if so, where should the extra star be placed?...Europe, in the meanwhile, is becoming more of a single state. The European coal-steel pool has just gone into effect, making it almost as easy to trade these items between France and Belgium, for instance, as between Pennsylvania and Ohio....

Department of Better Mousetraps: a stove with a built-in electronic eye that will never let anything burn, scorch or bubble over...a diamond-tipped saw for cutting square holes in concrete floors...a combination fountain pen and radio...square salami for neater sandwiches...a battery-operated electric shaver--for people roughing it in the woods, no doubt... an automatic device for locating bookkeeping errors ...and for the morning after the night before, a water-cooled "chillow" (chilly pillow) on which to rest the fevered brow....